SYNOPSIS

Ph.D in Commerce

ASSESSMENT OF BRAND LOYALTY AMONG EMERGING HIGH NETWORTH INDIVIDUALS ON LUXURY SEGMENT OF CARS

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In this progressively diverse world strong market demand and the competitive landscape's diversification are rooted as the leading concerns, have completely transformed the entire commercial structure (Rua and Santos, 2022). Customers are demanding more due to their rising purchasing power; they evaluate the identical product differently depending on how it is branded. The brand managers should effectively leverage their brand to set themselves apart from their competitors' offerings in terms of value to business clients (Leone et al., 2006; Gupta et al,2020). Developing and sustaining loyal customer is the most popular and favoured strategy used by modern marketers to keep customers devoted to their brands and is a vital component that keeps the business growing and competitive (Kiradoo, 2014). Behavioural brand loyalty is either making repeated purchases or recommending the same brand to others, whereas attitudinal brand loyalty refers to a level of "dispositional commitment" with relation to any particular attribute associated with the brand (Chaudhuri and Holbrook, 2001). Organizations exercise extreme caution in regards to brand loyalty, it could serve as a barometer of brand relationship (Raut, 2015).

Automobile businesses are the major industrial sector and the market for private ownership of cars constantly growing and vibrant in the retail sector (Mabkhot et al., 2017). When building a brand for an automobile, the calibre of the direct customer-business connection becomes crucial. Marketers use segmentation as a strategy to establish connections with customers, divide them into various groups, and offer specialized services (Das and Nayak, 2022). Demographic segmentation especially income-based grouping is the main strategy adopted by the manufacturers of high involvement products. The customer segment with higher income invests huge part of their earnings to meet their esteem needs and this provide wider scope and prosperity for luxurious products including automobile.The boom in the High Networth individual population in India leads to increased hedonic consumption (Jaikumar and Sarin, 2015). They are highly brand conscious and purchasing premium and luxury vehicles for their self-esteem. It is vital for automobile manufacturers to identify the factors that leads to attitudinal or behavioral loyalty towards luxury brand of cars of this segment.

The literature highlights the role of different brand and product related aspects that act as antecedents of brand loyalty. Among those factors, customer satisfaction is found to be a strong predictor and directly related to brand loyalty (Li and Chaipoopirutana,2014). Brand trust also considered as a major determinant of relationship commitment and it leads to brand loyalty. It is directly related to both purchase and attitudinal loyalty (Kuusik, 2007). Brand image was found to have a significant positive effect on brand loyalty (Sung et al., 2010)It is the culmination of a customer's perception, ideas, and beliefs about a specific product(Cretu and Rodie, 2007). Brand experience act as a significant contributor of true brand loyalty among high involvement segment(Mathew and Thomas, 2018). Perceived value found as the important predictor of attitudinal and behavioral brand loyalty (Nikhashemi et al, 2016; Fazal and Kenwal, 2017) and it will be stronger when the acquiring brand is from a higher luxury tier(Chung and Kim, 2020). Differentiation is the key driver of loyalty and can be formed by including product quality, innovation, product features and attributes(Bennett and Rundel-Thiele ,2005; Reddy and Kavitha, 2019). Brand positioning has a significant impact on brand loyalty and develop willingness to pay high among customers (Liu and Hu, 2022).

The past literatures proved that, the hedonic variables Perceived value, Brand Image, Brand trust, Brand Experience were the key variables that influenced brand loyalty of automobiles. Further, Product Differentiation and Brand Positioning ultimately creates customer retention and prerequisites for achieving brand loyalty. As the empirical evidence related to attitudinal and behavioral loyalty of luxury cars in the Indian context were limited, the study incorporated behavioural and attitudinal dimensions of brand loyalty and incorporated technical, non-technical factors and dealers' services for understanding customer satisfaction. The study also included the effect of product differentiation and brand positioning on brand loyalty to make it very comprehensive and fill the gaps in studying brand loyalty on luxury segment of cars among a particular segment of customers namely Emerging High Networth individuals (EHNIs).

Thus, by following Stimulus-Organism-Response Theory and Social Exchange Theory, a research model incorporated in the study to examine the determinants of brand loyalty towards luxury cars by focusing on brand related variables such as Brand image, Brand experience, Perceived Value, Product differentiation and Brand positioning. In addition, the mediation effect of customer satisfaction and moderating effect of brand trust has been tested in this study.

1. Statement of the Problem

The recent expansion of luxury car markets in India encompasses much more dynamics than in other sectors. The boom in country's wealthy class is evolving in terms of lifestyle associated symbolic consumption. Attracting this high-income category of customers and developing loyalty towards a brand is the most essential factor for the automobile manufacturers. It is crucial for the manufacturers to understand the purchase decision of such customer segments. Brand loyalty is not only influenced by hedonic and utilitarian aspects but also by the trust owned by the customers towards a brand. Further, the study brings out the dimensions of loyalty exhibits by EHNIs which are highly informative for the luxury car marketers.

In this context, it is highly relevant to conduct this study to unveil the perceptions of emerging HNIs towards the brand loyalty of luxury segment of cars and to analyse the factors influencing their brand loyalty. Based on the above discussion the following research questions emerged.

- What will be considered by the Emerging High Networth Individuals while purchasing luxury segment of cars?
- How the Emerging High Networth Individuals perceive Marketing Mix of luxury cars?
- What are the influence of brand image, brand experience, perceived value, product differentiation and brand positioning on customer satisfaction of Emerging High Net worth Individuals while purchasing luxury segment of cars?
- Whether and how the customer satisfaction will influence the brand loyalty?
- What is the moderating effect of Brand Trust among satisfaction level and brand loyalty of Emerging High Net Worth Individuals while purchasing luxury segment of cars? and
- What Type of loyalty exhibiting among Emerging High Net Worth Individuals?

2. Objectives of the study

The primary objective of the study is to analyse the determinants of brand loyalty among Emerging High Networth Individuals on luxury segments of cars. In order to achieve the primary objective, the following subsidiary objectives are framed.

- To identify the preferences of Emerging High Networth Individuals while purchasing luxury segment of cars.

- To examine the perception of Emerging High Networth Individuals towards the Marketing Mix elements of luxury cars
- To analyze the influence of brand image, Brand experience, Perceived value, Product differentiation and Brand Positioning on Brand loyalty mediated through Customer satisfaction while purchasing luxury segment of cars by Emerging High Net worth Individuals.
- To analyse the moderating effect of brand trust on the relationship between customer satisfaction and the brand loyalty of EHNIs towards luxury cars, and
- To determine the loyalty exhibit among Emerging High Networth Individuals, whether attitudinal or behavioural.

3. Research Hypotheses

The following hypotheses were framed to achieve the objectives of the study

- H_1: Brand-related attributes (Brand image, Brand Experience, Perceived value, Product differentiation, Brand Positioning) and customer satisfaction have an influence on brand loyalty of EHNIs on luxury segments of cars
- H_2: Brand-related attributes (Brand image, Brand Experience, Perceived value, Product differentiation, Positioning strategies) have an influence on customer satisfaction of EHNIs on luxury segments of cars
- H_3: Customer satisfaction has a mediating effect between brand attributes and brand loyalty of Emerging High Networth Individuals
- H_4: When brand trust is high, the relationship between Customer satisfaction and Brand loyalty is stronger

4. Scope of the study

The findings of this study will be useful to the Academia, Industry, Car dealers and Customers. As the study adopted the theory by treating brand loyalty as a multi-dimensional construct it contributes added knowledge to the past research findings on brand loyalty and its outcomes. The marketers and dealers of various luxury car brands gain understanding on purchase behaviour of EHNIs whose potential so far not tapped fully by this segment. They could analyze the influence of brand-related attributes on satisfaction and brand loyalty of luxury car owners and to design the differentiation and positioning strategies, and to take various steps for increasing customer retention and brand loyalty Customers can understand the influential effect of various factors which

leads to their purchase decision of luxury car, the extent of their satisfaction about luxury cars and the level of brand trust. As the respondents are the first owners of the respective brand of car, their opinion and views are beneficials to individuals who intend to buy luxury segment of car in near future.

5. Limitations of the study

The present study focused only on Emerging High Networth Individuals from the district of Ernakulum in Kerala. As the primary data is exposed to personal bias, the same could be possible in this study also. The study excluded the opinion of marketers and dealers. Analysing the brand loyalty of luxury cars among the customer segments other than Emerging High Networth Individuals is beyond the scope of research.

6. Research Methodology

The study is both descriptive and analytical in nature. The locale of the study is Ernakulam district in the state of Kerala, India which is selected purposively as it is the luxury hub of Kerala and the luxury car brands namely BMW, Audi, Mecedes Benz, Toyota, Porche and Volkswagen have dealers in this district. The Emerging High Net Worth Individuals (EHNIs) who purchased luxury cars and being first owner is constitute the population of the study and it is finite with 423 customers. The primary data were collected from them through questionnaire and 391 responses were received. After the initial evaluation, the final sample size of 380 questionnaire, which were extracted as valid responses. Secondary data for the study were obtained from the previous studies, journal articles, textbooks, newspapers, reports, proceedings and official websites. The questionnaire used for the study was designed on the basis of literature review. The questionnaire included six sections. The responses on latent variables, were obtained through statements designed with five-point Likert scale.

From the literature reviewed and based on the Stimulus -Organism -Response Model (SOR), and on the basis of Social Exchange Theory (SET), a theoretical framework has been proposed to determine the influence of various loyalty dimensions on Customer Satisfaction and Brand loyalty. The framework for the study describes the independent variables namely brand image, brand experience, perceived value, product differentiation and brand positioning. Brand loyalty comprises of attitudinal and behavioural loyalty identified as dependent variables. Further, Customer satisfaction mediates the relationship

between independent and dependent variables; and brand trust moderates the relationship of customer satisfaction and brand loyalty.

The framework of analysis include Descriptive statistics to describe the profile of the respondents, Rank analysis to identify the most preferred features of the luxury brand car.Chi-Square test to find the significant association between select variables. Analysis of Variance and t test for testing the significant mean difference existed between select constructs and Structural Equation Modelling (SEM) to test the influence of brand related attributes of luxury cars on brand loyalty of EHNI car owners with mediating effect of customer satisfaction and the moderating effect of brand trust on brand loyalty.

7. Results and Discuss1ion

- Majority of the respondents who are the first owners of luxury cars are male (81.32%), and most of the respondents (40.26%) belong to the age group of 41 to 50 years and 34.21 percent of the respondents are graduates. Majority of the respondents (89.21%) were married, 52.89 percent are conducting their own business, earn annual income between ₹25 lakhs to ₹ 50 lakhs. Majority of the respondents living in nuclear families (64.74%), and most of them with the family size of four members (39.21%). Majority of the respondents have at least two earning members in their family (55.79 %).

- As regards to the details of the luxury segment of the cars purchased by the EHNIs**,** majority of them (54.74%) selected the particular brand by themselves by searching product related information, 51.32 percent of the respondents purchased their current luxury cars while new models were introduced in the market. As per the opinion of 60.53 percent of the respondents, internet is the most preferred media of advertisement for luxury car brand, 63.43 percent of the respondents owned the luxury cars in the range of ₹ 35 lakhs to ₹ 1 crore. They preferred the luxury cars for prestige and status.

- Net Promoter Score (NPS) is a tool for calculating the score of customers loyalty, applied to understand the percentage of customers who are loyal, repurchase and recommend (Fisher and Kordupleski, 2019). NPS calculated shows that out of the total respondents of luxury car owners from various brands,54.74 percent were promoters, they are highly satisfied and happy customers and they generally recommend the brand to others, 40.26 percent were passives who are satisfied but not ready to recommend their brand to others and only 5 percent were Detractors who are considered as

unhappy customers; and a statistically significant association exists between the respondents' perception towards the brand and Net Promoter Score.

- While analysing the Customers Perception on Marketing Mix of Luxury cars, 'Product' is the most influenced element (Mean score=4.465) and significant differences exist among the perception of EHNIs regarding Product element across their educational qualification, occupation and annual income. As regard to 'Price', the perception of respondents are statistically significant across their annual income and family type. While in 'Place' element the perception of EHNIs is significantly different across their gender, annual income and family type. The perception of EHNIs towards 'Promotion' are statistically significant across their age, gender and marital status

- While analysing the brand-related attributes , brand image has the highest average mean value (4.32) among attributes. Though the EHNIs belongs to high income class, the income disparities among them influence their perception on brand-related attributes namely brand image, perceived value, product differentiation and brand positioning.

- As regards to the customer satisfaction, the non-technical attributes are the highly satisfied aspects of luxury cars among EHNIs (50.30%) and the satisfaction level of non-technical attributes is associated to the age and marital status of the respondents. In the case of technical attributes, a significant association proved between annual income and family type with the level of satisfaction. Whereas the annual income of the EHNIs is significantly associated to their level of satisfaction on dealer service quality.

- While analysing the brand loyalty of EHNIs, Majority of them (51.8%) exhibit high level of attitudinal loyalty than behavioural loyalty (48.4%) towards their brand of luxury car. The respondents' age and marital status significantly associated to their level of attitudinal loyalty. A significant association exist between their educational attainment and level of behavioural loyalty.

- The direct effect of brand related attributes on brand loyalty and customer satisfaction were analysed through Path analysis and R^2 values. A significant positive correlation exist between various brand attributes, such as perceived value, brand image, brand

experience and brand loyalty. But the effect of product differentiation and brand positioning on brand loyalty is not statistically significant, as indicated by a P value greater than 0.05.

- The study found a strong correlation between various brand attributes, such as product differentiation, brand positioning, brand image, brand experience and perceived value, and customer satisfaction; and there is a significant correlation exists between customer satisfaction and brand loyalty.
- The mediating effect of customer satisfaction between brand related attributes and brand loyalty were analysed and the test results indicate that all the mediation effect in these paths is statistically significant. The relationship between product differentiation and brand loyalty (0.441) and the relationship between brand positioning and brand loyalty (0.404) are fully mediated by customer satisfaction.
- The interaction moderation model demonstrates that customer satisfaction has a significant positive effect on both attitudinal and behavioural loyalty. Brand trust exerts a favourable and substantial impact on both attitudinal and behavioural loyalty. Brand Trust reinforces and strengthen the relationship between Customer satisfaction and attitudinal loyalty (0.27) than behavioural loyalty (0.14).

8 Implications of the study

- The demographic factors like educational qualification, marital status and family type are statistically significant for marketers and advertisers for targeting the customers.
- The Buyers of luxury cars have adequate awareness about the brand. It is an opportunity for the marketers to convert the buyers into well informed customers through periodical updates.
- To convert detractors to passives and passives to promotors continuous customer engagement needs to be implemented.
- Offering high quality products with recent technological advancements makes the brands highly preferable
- Delivering value-based services to customers improves their experience and fosters a favourable perception and brand image, which ultimately makes the customers more loyal towards the brand.

- ❖ Even though hedonic aspects are significant in influencing the brand loyalty towards luxury cars, the marketers should also concentrate on the technical aspects and the quality of dealer service as it plays a momentous role in influencing brand loyalty through customer satisfaction.
- ❖ Satisfied customers exhibit attitudinal loyalty. Hence it is essential to the marketers to keep the customers satisfied always through customer engagement, customer relationship management and with pre and post purchase services.
- ❖ As the interaction of trust and satisfaction develop attitudinal loyalty, the marketers should try to develop trustworthiness among the customers through their services.

9. Conclusion

On studying the Emerging High Networth Individuals who have purchased luxury cars, it is concluded that, among the marketing mix elements of luxury cars, they give more importance to 'Product' element. There is a notable influence of brand-related attributes on customer satisfaction. All brand-related attributes namely brand image, brand experience, perceived value, product differentiation, and brand positioning impacts customer satisfaction, which in turn impacts brand loyalty. Customer satisfaction serves as a bridge between all brand traits and brand loyalty. Brand trust moderates the relationship between customer satisfaction and brand loyalty of Emerging High Networth Individuals. In turn customers exhibit high level of attitudinal loyalty than behavioural loyalty. Their affiliation and emotional attachment to their brand of luxury car are very high.

10. Scope for future research

- ➢ Impact of brand attributes of luxury cars on Cognitive, Affective and Behavioural Loyalty
- ➢ Comparative analysis of brand loyalty among Compact and Premium segments of cars.
- ➢ Assessment of brand equity of luxury cars among Emerging High Networth Individuals

Paper Published

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